

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN DAVE LEWIS**, on March 13, 2003 at 8:05 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Lewis, Chairman (R)
Rep. Rosalie (Rosie) Buzzas, Vice Chairman (D)
Rep. Edith Clark, Vice Chairman (R)
Rep. John Brueggeman (R)
Rep. Tim Callahan (D)
Rep. Stanley (Stan) Fisher (R)
Rep. Eve Franklin (D)
Rep. Dick Haines (R)
Rep. Donald L. Hedges (R)
Rep. Joey Jayne (D)
Rep. Carol C. Juneau (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. John Musgrove (D)
Rep. Jeff Pattison (R)
Rep. Rick Ripley (R)
Rep. John Sinrud (R)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Jon Moe, Legislative Branch
Mary Lou Schmitz, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 558, HB 602, HB 604, HB 628, HB 651, HB 722 3/07/03
Executive Action: HB 363, HB 569, HB 286, HB 650

HEARING ON HB 558

Sponsor: REP. DEE BROWN, HD 83, Hungry Horse

Opening Statement by Sponsor:

REP. BROWN said Montana does not charge the out-of-state snowmobilers who ride on the groomed trails. This bill addresses that problem by asking those from out-of-state to pay a \$15 a year fee. It was changed to say fiscal year rather than calendar year. The majority of the fee will be going to the impacted areas for snowmobile grooming.

Proponents' Testimony:

Doug Monger, Administrator of the Parks Division, Fish, Wildlife and Parks (FWP), read from testimony, Exhibit 1.

EXHIBIT (aph53a01)

Ken Hoovestall, Montana Snowmobile Association, urged the committee's support.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REP. HEDGES asked Mr. Hoovestall how much it costs to rent a snowmobile in Montana. **Mr. Hoovestall** said, "Up to \$100 a day."

REP. MUSGROVE asked Mr. Monger how much of the \$15 is used for enforcement. **Mr. Monger** said there is a \$5 decal fee on residents' snow machines and \$2.50 of that goes to education enforcement, avalanche awareness, etc.

In response to a question from **REP. MUSGROVE**, **REP. BROWN** said she didn't sign the fiscal note because she had some concern about equipment purchases within this money from the permits. The Grooming Advisory Committee should make those decisions. The fiscal note is really a guess as to how many out-of-state machines will come in, times the \$15.

REP. FISHER referred a question to **Mr. Monger** who said the enforcement that is done on the snowmobile program is done primarily by the Fish and Game wardens. When they work on snowmobile-related enforcement they charge the snowmobile account

for the hours they put in. They can only charge as much as the money in that account for them.

REP. JUNEAU asked the sponsor if the money spent on snowmobile grooming is on state land, private land, or federal land. **REP. BROWN** said it is mostly on federal and state land. **REP. JUNEAU** said she would support raising the fee to \$50 or \$100.

REP. KASTEN asked who is involved for the safety or liability in this area. **Mr. Monger** said, "Currently the game wardens are responsible for the enforcement of the decal. While they are in the field inspecting machines to see that they have the decal, they are also having discussions on snowmobile safety."

Closing by Sponsor:

REP. BROWN closed the Hearing on HB 558.

HEARING ON HB 602

Sponsor: **REP. KATHLEEN GALVIN-HALCRO, HD 48, Great Falls**

Opening Statement by Sponsor:

REP. GALVIN-HALCRO said this bill places a two-year moratorium on the purchase of certain new state vehicles for the state motor pool. The bill will also require these pools to develop a leasing preference guideline, not a study, and bring that guideline to the appropriate interim committee to accept, or reject, and actually put in place a plan on how these vehicles should be leased or rented. With this moratorium there is a savings on the interest monies that will not be spent.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 30.5}

Proponents' Testimony: None

Opponents' Testimony: None

Informational Testimony:

John Blacker, Administrator, Maintenance Division, Department of Transportation, said, "The Maintenance Division also houses the Motor Pool Program for the state of Montana. They are the overseers of the program from an administrative standpoint. This request for a leasing preference guideline is something his department would support. The motor pool today consists of about 800 vehicles. The day-use fleet in the Department of

Transportation has 200 vehicles. The leased-program vehicles are for each individual state agencies. They go through the Governor's budget office who scrutinizes their needs. The budget office gives his department the numbers and they do the purchasing, management and upkeep of the vehicle."

Questions from Committee Members and Responses:

REP. RIPLEY asked **REP. GALVIN-HALCRO** to address the technical notes, page 3 of the Fiscal Note. **REP. GALVIN-HALCRO** said the guidelines should apply to all branches, no matter who is leasing the vehicle.

CHAIRMAN LEWIS said, "Under the long-range impacts, it says the Department of Transportation would lose almost \$1 million on the value of these vehicles by running them an additional two years before they are traded in." **Mr. Blacker** said that is correct.

REP. FISHER asked, "How much does it cost to maintain a vehicle as it gets older?" **Mr. Blacker** said they have a management system in their program that tracks everything the vehicle does and there are assumptions on the fiscal note that the increased cost is going to be about four cents a mile as they pass those prescribed re-sale dates. The Motor Pool, on average, runs 11 million miles a year. These costs aren't assumed by the Department of Transportation. The costs are assumed by all state agencies.

REP. KASTEN asked, "Do some of the older vehicles go to low-income individuals?" **Mr. Blacker** said, "Last session a bill was passed with regard to the TANF (Temporary Aid to Needy Families) program and the purchase of vehicles. There will be no vehicles available for them at this point, because they aren't selling any, but when they do sell, they will probably be a little more run-down with a higher mileage."

Closing by Sponsor:

REP. GALVIN-HALCRO said the State of Montana should not be in the used car or new car business. There are a few problems associated with the State Motor Pool and this bill can help solve those problems.

HEARING ON HB 604

Sponsor: **REP. DAVE GALLIK, HD 52, Helena**

Opening Statement by Sponsor:

REP. GALLIK said this bill has no spending in it nor does it have any taxation in it. This bill represents working together for Montana in a bipartisan fashion at its best. Coal-bed methane is taxed in Montana as natural gas. Of the natural gas taxation, 86% of that goes to the local governments, 14% goes to the state. The amount of funds that would be placed in the General Fund as of 2005 from the taxation of natural gas is \$2.9 million. This bill would continue to put that \$2.9 million in the General Fund. Any excess would go to the School Flexibility Account (Flex Fund) for education.

Proponents' Testimony:

Linda McCulloch, Superintendent, Office of Public Instruction, read from testimony, Exhibit 2.

EXHIBIT(aph53a02)

{Tape: 1; Side: B; Approx. Time Counter: 0 - 29.7}

Erik Burke, MEA/MFT, expressed strong support for the bill.

REP. VERONICA SMALL-EASTMAN, spoke in support of the bill.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

In response to a question from **REP. WITT** regarding meetings the sponsor had with the Secretary of State and others, **REP. GALLIK** said, "There were discussions of putting that excess in different types of funds whether the Separate Trust Fund, the Legacy Trust, etc. but it was determined 'the cookie jar should not be up there so high they couldn't reach it.' That is why the Flex Fund was chosen. As far as the actual Rainy Day Fund for supplementals, no. The goal was to get a consensus of opinion to determine what would be the best way to increase funding to education by use of potential taxation on coal-bed methane natural gas, if in fact, some day they do it."

REP. MUSGROVE said the bill states, "natural gas production." He would include any type of natural gas well that is coming on the line. **REP. GALLIK** agreed. The goal was to try to get at the taxation of future coal-bed methane but when they tried to figure out how to split that out from other natural gas production

types, it was just too complex. They felt that simplicity was best here and that there was no anticipation of huge gains and production in any other method of natural gas production so that this would be the best way. There were four or five meetings in Secretary Brown's office. Industry was there and indicated they were supportive.

In response to a question from **REP. BUZZAS**, **REP. GALLIK** said the funding formula will stay exactly the same. Once there is \$2.91 million put in the General Fund, which is the anticipated revenue from natural gas to the General Fund after disbursement to the local governments, anything over that amount will be given to education.

REP. FISHER asked for an explanation of the Flex Fund.

Superintendent McCulloch said the Flex Fund was put into place last legislative session. It essentially created a fund that would put money into education that would have a little flexibility in how schools could use it. It is also money that would be put into the Flex account and not be put into the Base budgets that would expand the budgets year after year. Flex Fund monies are then distributed equally to schools based on the number of students that would set that distribution. **REP. FISHER** asked Ms. McCulloch if she would support this bill if, instead of putting the money into the Flex Fund, put it into the OPI General Fund. **Ms. McCulloch** said when the Flex Fund came into being, there was not a sustainable flow into that fund. So any time money is put in will be a one-time amount. The schools would be happy to get the money from any fund.

REPS. HAINES, KAUFMANN, and BUZZAS, asked for more explanation and then commented.

{Tape: 2; Side: A; Approx. Time Counter: 0 - 29.4}

REPS. RIPLEY, KASTEN, HAINES, and LEWIS, addressed the issues in the bill again.

Closing by Sponsor:

REP. GALLIK closed the Hearing on HB 604.

HEARING ON HB 628

Sponsor: **REP. DAVE KASTEN, HD 99, Eastern Montana**

Opening Statement by Sponsor:

REP. KASTEN said the Blackfeet Tribe submitted an application for a renewable resource grant. Members of the Tribe and members of the school testified about the importance of teaching children in the fourth and fifth grades about native species, conservation, and ways to maintain aquatic habitat. The project is called Oki Mamii (Hello Fish) and is worth the effort. The cost will be \$20,000 of \$150,000 in the State Tribal Economic Development Commission account.

Proponents' Testimony:

SEN. GLENN ROUSH, SD 43, Cut Bank read testimony from Exhibit 3. **EXHIBIT (aph53a03)**

John Tubbs, Department of Natural Resources, said the purpose of the project is to educate the fourth and fifth graders at the Blackfoot Tribal schools and put together a learning package for those children about water resources on the reservation, including the eco-systems, the native species, water quality and educate young children to be aware of the importance of natural resources on the Blackfeet reservation.

Opponents' Testimony:

REP. VERONICA SMALL-EASTMAN, HD 6, Lodge Grass, said all Tribes should be given an opportunity to study and plan the economic development for the reservations. The money should be used to benefit the greatest number of people.

REP. CAROL JUNEAU, HD 85, Browning said she particularly opposes the source of money. The project is a good idea.

{Tape: 2; Side: B; Approx. Time Counter: 0 - 29.1}

It is great for the school children to learn more about our natural resources, water issues, and various things in developing leadership. She suggested Fish, Wildlife and Parks federal excise tax distribution as a source to fund the \$20,000.

REP. NORMA BIXBY, HD 5, Southeastern Montana, stood in opposition to the bill.

Informational Testimony: None

Questions from Committee Members and Responses:

In answer to a question from **REP. KAUFMANN**, concerning the possibility of HB 6 as a funding source. **Mr. Tubbs** said they have a mix of renewable resource projects in HB 6. They have water restoration projects and some engineering designs of systems. There were originally 72 applications and this program was rated #26. He sees the Oki Mamii as a good-will gesture for Montana. Educating children about the water resources is important.

REP. BUZZAS asked **REP. KASTEN** and **Mr. Tubbs** questions concerning this program. **REP. KASTEN** said, "Yes, this is a new program." **Mr. Tubbs** said Tribal Governments are pursuing economic development opportunities on their reservations. They are looking to the state for greater partnership. His agency did recommend this program for HB 6.

In response to a comment by **REP. PATTISON**, **REP. JUNEAU** said the staffing of the Tribal Economic Development Commission was very difficult. There have been times the Commission has not been able to form a quorum. A report from the Auditor's office stated there was no more money in that Commission. There was a lot of confusion and misinformation between the State and the Tribes.

REP. PATTISON said a more appropriate funding source for this program would have been out of the Department of Education. **REP. KASTEN** said the issue was brought up in HB 6 so he just followed up on it that way. After it was deleted out of HB 6, he thought of funding it this way.

REP. MUSGROVE asked, "If there was an alternative source of revenue for this, would the opponents work to amend this?" **REP. JUNEAU** said she would support an alternative source and probably will propose an amendment to take the funds out of the Fish, Wildlife and Parks federal excise tax resources.

{Tape: 3; Side: A; Approx. Time Counter: 0 - 29.2}

REPS. RIPLEY, JUNEAU, BUZZAS, FISHER, SINRUD, and JAYNE for further explanation and comments from the sponsor, **REP. KASTEN**, and **Mr. Tubbs**.

Closing by Sponsor:

REP. KASTEN closed the Hearing on HB 628.

HEARING ON HB 651

Sponsor: REP. CHRISTOPHER HARRIS, HD 30, Bozeman

Opening Statement by Sponsor:

REP. HARRIS said this bill would take the presidential primary of Montana, which is scheduled for the first week of June, and move it to either February or March at the discretion of the Secretary of State. The reason that change is necessary is, the nature of presidential politics means that the elections are over by March so the six states in the June period have no say in the election of the presidential primary and as a result, no presidential candidates come to Montana. Issues important to Montana are never discussed and the state has zero influence on the election of presidential candidates.

Proponents' Testimony:

Doug Mitchell, private citizen, said, "On a ballot election, one must send out the complete text of the measure to every voter. Counties actually submit receipts to the state and then are reimbursed for the costs."

Harold Blattie, Montana Association of Counties, (MACo) said he would like to mention voter apathy with the June period when the race is already over before it starts in Montana.

Opponents' Testimony:

Elaine Gravely, Election Deputy, Secretary of State's Office, said she objected to the amendment to be offered. There is \$750,000 in that fund which is earmarked, because there has to be a 5% match from the state to collect the millions that will be coming. Therefore, the Secretary of State's office does not have money to fund the presidential idea. They support the idea but not the funding.

Informational Testimony: None

Questions from Committee Members and Responses:

REP. KASTEN asked about school elections which are usually held in April or May. "Could they be held earlier to be included at the same time?" **Ms. Gravely** said that answer would have to come from OPI who has jurisdictions over the schools. The Secretary of State's office would have no objections.

REP. PATTISON asked the Sponsor if language could be added to the Bill to coordinate these elections with the OPI. **Mr. Harris** said, "That is an excellent suggestion. If one of the objectives is to save money and the other to increase turnouts to decrease the voter apathy, then he would meet with the OPI."

{Tape: 3; Side: B; Approx. Time Counter: 0 - 29.2}

In response to questions from **REPS. JAYNE** and **KAUFMANN, REP. HARRIS** said there would be an expense if the presidential primary elections were combined with school elections. **Ms. Graveley** said a DRE is Direct Recording Equipment and is a touch screen machine so that people who are handicapped or visually impaired can use it.

REPS. FISHER and **HEDGES** commented on the issues involved by holding school and presidential primary elections at the same time.

REP. RIPLEY said this is a good bill but including the school elections "muddies the water." There are a lot of contract issues with running other elections in with school elections. It will be very difficult but not to say it couldn't be done.

Closing by Sponsor:

REP. HARRIS closed the Hearing on HB 651.

HEARING ON HB 722

Sponsor: **REP. EDITH CLARK, HD 88, Sweetgrass**

Opening Statement by Sponsor:

REP. CLARK said this is one of a series of bills that she will be carrying through this committee to implement subcommittee work to create funds and financing plans for the Human Services' budget. This bill creates a utilization fee for intermediate care facilities for the mentally retarded. The utilization fee will generate new revenue for the state at no additional General Fund cost. It will work like the nursing home bed fee that has been in place since 1991. The fee will generate revenue that will be matched with federal revenue at a rate of almost \$3 federal for every state \$1. The bill will raise just over \$1 million in total funds in this fiscal year and will raise approximately \$2 million in total funds in each year of the next biennium. It will require a General Fund appropriation for the two state

facilities which are Montana Development Center in Boulder and Eastmont in Glendive. The bill is structured so that all of the General Fund cost will be returned to the General Fund. Two-thirds of the General Fund will be returned to a federal reimbursement while the other third will be returned by the Department of Revenue from the collection of the fee. When the transactions are complete the General Fund will actually receive more funds than were appropriated.

Proponents' Testimony:

Chuck Hunter, Administrator, Re-Financing Unit, Department of Public Health and Human Services, explained Exhibit 4.

EXHIBIT (aph53a04)

{Tape: 4; Side: A; Approx. Time Counter: 0 - 29.2}

Wally Melcher, Montana Association for Independent Disability Services and the Montana Association for Rehabilitation.

Steve Yeakel, Montana Council for Maternal and Child Health.

Chris Volinkaty, Developmentally Disabled Children's Services Reg. IV and V.

Sylvia Danforth, Miles City, Montana Association of Independent Disability Services.

Jami McCall, Deaconess Billings Clinic, Montana Children's Initiative and shares in the representation of MAIDS advocacy.

Betty Whiting, Montana Association of Churches.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

REP. FRANKLIN understands some of this goes into the Prevention and Stabilization Account but is there any relationship between the money generated particularly from the Developmentally Disabled (DD) facilities and what proportion of it goes back to DD care. **REP. CLARK** said it is not addressed specifically in this bill.

REP. BUZZAS referred a question to Mr. Hunter concerning the money. "At what point do the facilities get their reimbursement

as this money goes through the process?" **Mr. Hunter** said General Fund will get 30% back very quickly, as soon as the money is paid to the Department of Revenue. The reimbursement that will come to the facilities and subsequently to the General Fund is typically done on a billing and as soon as the payment is made, they are free to bill the Medicaid share and that can be rearranged and turned around in about ten days or two weeks.

His department is involved in looking at 19 to 20 projects that are ongoing and several federal funding sources.

In response to a question from **REP. MUSGROVE**, **Mr. Hunter** said there are a couple different percentages here. The 5.5%, which will be amended down to 5%, is to deal with the amount or the limit they can tax these facilities by the federal government. If they exceed 6%, they will not participate in the federal match. The 72% is the federal rate today.

CHAIRMAN LEWIS asked Mr. Hunter if there is a top limit on this. **Mr. Hunter** said, "Yes, the limit is 6% of revenues of the provider class."

Closing by Sponsor:

REP. CLARK closed the Hearing on HB 722 by saying, "This is the vehicle to establish the Prevention and Stabilization Account. It does not extra money, even in this fiscal year. This will not affect the amount expended on patient care. It will not be billed to any of the residents. It is completely legal and an allowable way to leverage money. It is no cost to the General Fund and will be a boon for Montana by injecting millions of dollars into the economy.

CHAIRMAN LEWIS said the committee will recess and reconvene upon adjournment of the House.

EXECUTIVE ACTION ON HB 363

Motion: **REP. FISHER** moved that HB 363 DO PASS.

Motion/Vote: **REP. FISHER** moved that HB 363 BE AMENDED, HB036302.ate. Motion carried unanimously 19-0 on a voice vote.

Motion/Vote: **REP. FISHER** moved that HB 363 DO PASS AS AMENDED. Motion carried 16-3 with REPS. BUZZAS, FRANKLIN and JAYNE voting no on a voice vote.

EXECUTIVE ACTION ON HB 286

Motion/Vote: REP. FISHER moved that HB 286 BE TABLED. Motion carried 10-8 with REPS. BUZZAS, CALLAHAN, FRANKLIN, JAYNE, JUNEAU, KAUFMANN, LINDEEN and MUSGROVE voting no on a voice vote. REP. BRUEGGEMAN was absent from the room and did not leave a proxy.

EXECUTIVE ACTION ON HB 569

Motion: REP. CLARK moved that HB 569 DO PASS.

Motion: REP. LINDEEN moved that HB 569 BE AMENDED.

Discussion:

REP. GUTSCHE, sponsor of the bill, said there is a new fiscal note that says there would not be any cost to the state. This amendment states that if there is a specific appropriation added to either HB 2 or money gotten from other places, and they don't currently have appropriations, this will set up a program, and then if the funding is obtained either through the State or the Federal, or a combination of matches, then the program will go into effect.

REP. LINDEEN withdrew her motion on this amendment so she could make the following motion:

Motion/Vote: REP. LINDEEN moved that THEY REMOVE THE AMENDMENT THEY PLACED ON HB 569 PRIOR TO TRANSMITTAL. Motion carried unanimously 19-0 on a voice vote.

Motion/Vote: REP. LINDEEN moved that HB 569 BE AMENDED, HB056901.ajm. Motion carried 18-1 with REP. KASTEN voting no on a voice vote.

Motion: REP. LINDEEN moved that HB 569 DO PASS AS AMENDED.

Discussion:

In response to questions from REPS. KASTEN, and SINRUD, Hank Hudson, Administrator, Human and Community Services Division, Department of Public Health and Human Services, said they took a limited number of people who are involved in this program and paid them the equivalent of one child's Child Care Assistance. They had to be at 150% poverty level and had to have worked prior to doing this. They waived eligibility for other child care money and waived eligibility for TANF funds. These are low

income people, almost entirely with young infants who want to stay home with their infant and have agreed to accept a smaller amount of money in order to spend time with their children.

{Tape: 4; Side: B; Approx. Time Counter: 0 - 29.1}

REPS. SINRUD, FISHER, PATTISON, KASTEN, SINRUD, FRANKLIN, and BUZZAS, asked for further explanation and clarification from Mr. Hudson, CHAIRMAN LEWIS, and REP. GUTSCHE.

Motion: REP. FISHER moved a conceptual amendment that HB 569 BE AMENDED, TO STRIKE EVERYTHING AFTER LINE 30, and insert: "PARENT OR ADOPTIVE PARENT" AND PUT A JULY 1, 2005 SUNSET ON THE BILL.

Discussion:

REPS. BUZZAS, KASTEN, and JAYNE commented on the conceptual amendment.

{Tape: 5; Side: A; Approx. Time Counter: 0 - 29.4}

REPS. PATTISON, MUSGROVE, and FRANKLIN also commented on the conceptual amendment. REP. GUTSCHE, Sponsor, added that the conceptual amendment is not helping the bill.

REP. FISHER said he would amend his amendment by adding "the parent, adoptive parent, or court appointed guardian" CHAIRMAN LEWIS said he would oppose the amendment because this is a pro-family bill. REPS. SINRUD, RIPLEY, CALLAHAN, BUZZAS and JAYNE commented for and against the conceptual amendment.

Vote: Motion failed on a 5-14 vote with REPS. FISHER, KASTEN, PATTISON, SINRUD and WITT voting yes on a roll call vote.

Vote: Motion DO PASS AS AMENDED, HB 569 Carried 16-3 with REPS. FISHER, SINRUD and WITT voting no on a roll call vote.

EXECUTIVE ACTION ON HB 650

Motion/Vote: REP. FISHER moved that HB 650 BE TABLED. Motion carried 10-9 with REPS. BUZZAS, CALLAHAN, FRANKLIN, JAYNE, JUNEAU, KAUFMANN, LINDEEN, MUSGROVE and SINRUD voting no on a roll call vote.

{Tape: 5; Side: B; Approx. Time Counter: 0 - 21.7}

ADJOURNMENT

Adjournment: 4:15 P.M.

REP. DAVE LEWIS, Chairman

MARY LOU SCHMITZ, Secretary

DL/MS

EXHIBIT (aph53aad)